



September 17, 2019

Item No. 10

**AUTHORIZATION TO SUBMIT DISPOSITION APPLICATION AND AMEND
BOARD RESOLUTION NUMBER 2018-CHA-89 TO PROVIDE CHICAGO
HOUSING AUTHORITY FUNDS NOT TO EXCEED \$13,000,000 FOR THE FIRST
PHASE OF DEVELOPMENT OF PARKSIDE 4 PHASE 2**

Address: Property bounded by Elm Street on the north, Cambridge Street on the east, Hobbie Street on the south, and Larrabee Street on the west.

Alderman: Walter Burnett **Ward:** 27

Presenters: Ann McKenzie, Chief Development Officer

Recommendation

It is recommended that the Board of Commissioners (Board): 1) Authorize the Chief Executive Officer (CEO) or his designee to submit Disposition Application to HUD for disposition of Cabrini property for the first phase of Parkside 4 Phase 2; 2) Amend Board Resolution Number 2018-CHA-89 to reduce the approved Chicago Housing Authority funding to not to exceed \$13,000,000; and 3) Authorize the CEO or his designee to execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

The requested actions in this item comply in all material respects with all applicable federal, state and local laws and Chicago Housing Authority (CHA) board policies. Staff have completed all necessary due diligence to support the submission of this initiative.

Background

On November 20, 2018, the CHA Board approved Resolution Number 2018-CHA-89 committing \$22,500,000 (\$18.3M for construction and \$4.2M for remediation of the entire site), for the development of 134 rental units and 56 market rate for-sale townhomes. Unfortunately, the 2019 for-sale market has not been as robust as anticipated. Holsten's construction lender, CIBC, requires 20 pre-sales in order for construction to

commence. Since starting pre-sales in October of 2018, Holsten has managed to secure only nine contracts out of a total of 56 for-sale units. Citing concerns the for-sale market is showing a poor performance in the area, CIBC pulled out of the for-sale townhome development. Holsten decided to split the rental and for-sale projects and move forward with closing and development of the rental phase at this time and reconsider what makes the most sense for what was the for-sale site, at a near future date.

The subject of this Board action is a 102-unit mixed income rental phase consisting of 35 CHA, 31 affordable, and 36 market rate units, in the Near North area.

Funding

The total estimated project budget is \$43,619,592.

The not-to-exceed total CHA funding of \$13,000,000 will provide funds for project redevelopment activities, including remediation.

CHA will also provide a loan from the proceeds of the sale of IAHTCs to the rental phase of the project as a result of donating to the project, the value of the CHA land lease in order to generate IAHTCs valued at \$4,781,804.

Block 5

CHA shall enter into an unrestricted ground lease with the non-profit sponsor, the Cabrini Green LAC Community Development Corporation (the "Sponsor"). After execution of the ground lease, the Sponsor shall assign the ground lease to the Rental Owner, subject to certain regulatory restrictions. The ground lease shall cover Block 5 of the Rental Component (the "Block 5 Ground Lease").

Respectfully Submitted:

Ann C. McKenzie
Chief Development Officer

RESOLUTION NO. 2019-CHA-

WHEREAS, the Board of Commissioners of the Chicago Housing Authority has reviewed the Board Letter dated September 17, 2019 entitled "Authorization to Submit Disposition Application and Amend Board Resolution Number 2018-CHA-89 to Provide Chicago Housing Authority Funds not to exceed \$13,000,000 for the first phase of Development of Parkside 4 Phase 2."

THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE CHICAGO HOUSING AUTHORITY:

THAT, the Chief Executive Officer or his designee is authorized to submit a disposition application to HUD for the disposition of Cabrini property for the first phase of development of Parkside Phase 4 Phase 2;

THAT. Board Resolution Number 2018-CHA-89 is hereby amended to reduce the approved Chicago Housing Authority funds to an amount not to exceed \$13,000,000; and

THAT, the Chief Executive Officer, or his designee, is authorized to execute and deliver such other documents and perform such actions as may be necessary or appropriate to implement the foregoing.

This award is subject to the Contractor's compliance with CHA's MBE/WBE/DBE/ Section 3 hiring and insurance requirements.

James L Bebley
Acting Chief Executive Officer
Chicago Housing Authority